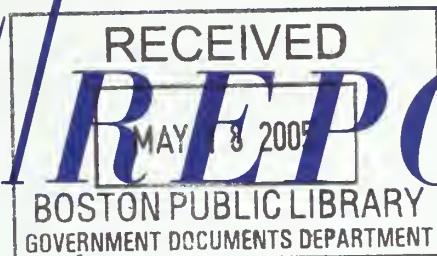


SPECIAL REPORT



BOSTON MUNICIPAL RESEARCH BUREAU
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CHANGE, YES -- FUNDAMENTAL CHANGE, NO

Both candidates for Mayor, James Brett and Thomas Menino, have talked during the final campaign about the need for change in city government and how services are provided. Less clear is whether both candidates support the fundamental change that the Bureau has indicated is necessary for Boston to successfully address the structural gap that it faces. In their respective responses to the Bureau's recommendations and their answers to questions at last week's Boston Citizen Seminar debate, both candidates hesitated to fully define the extent to which they would support change in Boston. In the four remaining days of this campaign, the candidates should take this opportunity to clarify the issues listed below.

On September 23, 1993, the Research Bureau issued its report, Securing Boston's Financial Health, A Blueprint For Boston's Future, which concluded that the next Mayor will face one of the most serious financial challenges to confront Boston in recent times. At stake is the City's ability to sustain the delivery of basic services to those who live and work in Boston and those who come to visit. The Bureau stated that the City's problems are manageable, but that fundamental changes are required now.

James Brett was the first to respond to the Bureau's report seven days later with a series of proposals on September 30th. Thomas Menino responded 22 days after the Bureau's report was released with his paper on October 15th, entitled, "Ensuring Boston's Fiscal Health." The two candidates also had an opportunity to discuss these issues at the Boston Citizen Seminar, which featured a mayoral debate co-sponsored by the Research Bureau and Boston College on October 21, 1993. Specific questions about the "nuts and bolts" of managing city government were answered too often by the candidates turning to their basic campaign speeches rather than providing more direct responses to how change would be accomplished.

From their responses, three issues arise which should be discussed more fully before the voters make a decision on November 2nd.

1. **Collective Bargaining Contracts** - Both candidates have agreed that work-rule changes are needed in all new employee contracts to improve service efficiencies. However, their statements do not acknowledge the degree of the adjustments needed in the collective bargaining agreements to secure Boston's fiscal health. Currently, the national economy is undergoing a dramatic restructuring to rearrange the work place with hundreds of thousands of workers losing both security and higher wages as part of this restructuring. Local government is not immune from these same forces, which will require a change in the basic nature of the relationship between the employees and local government. Changes in salary scales, benefits and employee work-rules and the introduction of productivity measures will need to be included in employee contracts, not for higher wages but as a condition to maintain employment. The current teachers' contract situation is an indicator of the difficult restructuring that must take place in local government. The same restructuring must apply to all employee contracts, including those for police and fire personnel.

With 62% of city departmental spending represented by salaries and overtime, this change in employee relationships will have to be one of Boston's primary responses to this wave of fiscal stress.

2. Departmental Audits - Both candidates have supported audits of each city department in order to reduce unnecessary spending and improve efficiency but they have not explained how "audit" is defined. Currently, an independent public accounting firm conducts an audit of the City's finances annually, presenting its financial position and the operating results of the various funds. A management letter, recommending improvements in the City's internal control structure and other operating efficiencies, accompanies the financial report. For this purpose, the City has budgeted \$550,000 in fiscal 1994. What the candidates may be suggesting is an operations or performance audit of each department. If that is the case, then why has neither candidate yet endorsed the Bureau's recommendation that, in separate studies, an independent evaluation of the management and operations of both the Police and Fire Departments be undertaken? The purpose of these studies would be to recommend greater efficiencies in each department's management, organization, personnel and work practices. This type of audit for each city department would be prohibitively expensive unless implemented over several years.

3. Competition In Service Delivery - At the Boston Citizen Seminar, both candidates refused to support the introduction of competition to improve service efficiency and control costs. The Bureau recommended that services that lend themselves to competition or "outsourcing" should be identified and proposals sent to legitimate sources, both city employees and private companies, with the lowest bid selected. By refusing to consider this option, the candidates deny the City a management tool that has proven to be successful, when prudently implemented, in other cities such as Indianapolis and Philadelphia. The candidates should remember that further operational savings without this option are more limited since over the past four years, city spending increased by only 3%, during which time inflation increased by 19%. That required cuts in spending, which were accomplished through improved management efficiencies and service reductions. The next Mayor will not have available the tools utilized by the Flynn Administration such as the reserves and one-time revenues and not paying salary increases for three years. Reducing the work force is still an option but will be more difficult to achieve since the City's payroll already has been reduced by 12% over the past four years.

The 1990s will be a period of limited resources for Boston and one in which the public expects basic city services to be provided effectively at a reasonable cost. The economic reality of this decade has pushed the concepts of "reinventing government" and "entrepreneurial government" as approaches to delivering services more efficiently and cost-effectively. It is a period in which fundamental changes are required but will not be successful unless the Mayor is committed to the necessary restructuring. In the four remaining days before the election on November 2nd, the candidates should make clear the scope of change each will implement to insure the delivery of basic city services to those who live and work in Boston.